

U.S. Customs and Border Protection Modernization



Report to Congress: The Automated Commercial Environment (ACE) CBPMO-RPRT-015

March 31, 2005

U.S. Customs and Border Protection Modernization Office

I am pleased to submit the *Report to Congress: The Automated Commercial Environment (ACE)*, as directed by the 2005 Homeland Security Appropriations Bill and the Trade Act of 2002.

This report is submitted quarterly, providing an update of ACE development accomplishments, challenges, fiscal status, and upcoming program milestones. Most significantly, the report demonstrates how ACE is helping U.S. Customs and Border Protection (CBP) achieve Department of Homeland Security (DHS) strategic objectives, and in providing CBP personnel in the field with the enhanced capabilities to better accomplish the CBP mission of preventing terrorism and facilitating legitimate trade and travel.

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Automated Commercial Environment (ACE)

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Executive Summary

Background

In 2001, the U.S. Customs Service (now U.S. Customs and Border Protection) embarked on ACE as its first project in a multi-year modernization effort to reengineer its business processes and the information technology that supports them. The initial plan was to focus first on ACE and trade processing and then on other elements of CBP Modernization, including enforcement. The terrorist attacks on September 11, 2001, changed this focus. The ACE is being developed to support the CBP mission of: (1) protecting the American public against terrorists and the instruments of terror and (2) enforcing the laws of the United States while fostering our Nation's economic security through lawful international trade and travel.

With the establishment of DHS, CBP has also aligned ACE with the DHS mission and strategic goals. The ACE will help reduce our Nation's vulnerability to threats without diminishing economic security by providing threat awareness, prevention, and protection for the homeland. Specifically, ACE will help:

- Detect, deter, and mitigate threats
- Assess vulnerabilities to homeland security and the American public
- Safeguard U.S. citizens and critical infrastructure from acts of terrorism
- Serve the public by effectively facilitating the movement of lawful trade.

Working closely with other government agencies and the trade community, CBP is modernizing to enhance inter-agency information sharing and analysis, replace outdated systems taxed by increasing demands, and comply with legislation requiring greater agency efficiency and effectiveness to serve the public better. Among other capabilities, CBP personnel will have automated tools and better information to decide – before a shipment reaches U.S. borders – what cargo should be targeted because it poses a potential risk, and what cargo should be expedited because it complies with U.S. laws.

The *Automated Commercial Environment Report to Congress* consolidates CBP Congressional reporting requirements, which include the 2005 Homeland Security Appropriations Bill and the Trade Act of 2002. These statutes require quarterly updates on how ACE development and establishment is being implemented cost effectively, and how ACE meets the modernization requirements of the 1993 Customs Modernization Act (Title VI of the North American Free Trade Agreement Implementation Act).

This report is provided to the Senate Finance Committee, House Ways and Means Committee, and both the House and Senate Appropriations Committees. The reporting period for this update is January 1, 2005, to March 31, 2005. The report provides a “snapshot” of current program status, highlighting recent accomplishments, challenges, cost and schedule status, and near-term milestones.

The report also includes a brief overview of how ACE capabilities will help satisfy the requirements of the 1993 Customs Modernization Act, the status of efforts to resolve the Government Accountability Office (GAO) open audit recommendations, and an update on program cost and schedule.

The 2005 Homeland Security Appropriations Bill states that Congress believes that ACE and CBP Modernization should be integrated with, if not form the core of, DHS information systems and border security technology. Accordingly, this report also addresses the ongoing CBP efforts to support ACE expansion if required, and in engaging other government agencies to participate in ACE/International Trade Data System (ITDS). Appendix A contains a description of near-term ACE capabilities.

A review of previous reports may be helpful in understanding the full context of the information provided in this edition of the report.

Notable in This Report

The e-Manifest: Trucks pilot test in Blaine, WA, expanded to all three truck-processing lanes in early March. Improvements on technical and ACE usability issues resulted in increased processing efficiency and user satisfaction of CBP Officers. On average, ACE is processing trucks faster than the Automated Commercial System (ACS) (down from two minutes to 70 seconds). On March 16, the pilot was suspended to resolve National Crime Information Center (NCIC)/Treasury Enforcement Communications System (TECS) issues that impact officer safety, and system response time issues. These issues received priority attention, and the pilot is expected to resume on March 31.

On March 11, ACE successfully received and processed an electronic manifest from ABF Freight System, Inc., one of the largest truck carriers in the United States. To date, two electronic manifests via the Electronic Data Interchange (EDI) and five manifests via the portal have been successfully received. Twenty-eight companies have sent letters of intent indicating they will send electronic manifests and begin testing with ACE. Another 100 companies have indicated that they will use the ACE Secure Data Portal to send manifest information.

The automated truck capabilities are scheduled to be expanded to additional land border ports beginning in spring 2005.

The Intelligent Information Factory (IIF) has been deployed at the National Targeting Center (NTC), enabling information to be extracted from disparate sources that can be

linked together to provide a more robust picture of potential threats. Deployment to field locations will follow.

The CBP established the Supply Chain Security Committee (SCSC) as part of the Trade Support Network committee structure to ensure the trade community has a forum to provide input on supply chain security requirements for ACE.

Also, as of March 15, 2005, there are 420 ACE importer, broker, and carrier accounts participating in ACE. Duties collected via the ACE periodic payment capability have continued to grow since the inception of this ACE feature in June 2004. Monthly duties collected in July 2004 totaled \$84,673, and in February 2005, the total was \$109.7 million.

1. Performance

This section highlights how ACE will help satisfy the requirements of the Customs Modernization Act (Mod Act), selected program accomplishments, and actions related to the open GAO recommendations.

1.1 Compliance with the Customs Modernization Act (Mod Act)

The 1993 Mod Act was passed with legislation implementing the North American Free Trade Agreement. The Mod Act is the legal foundation for the CBP Modernization effort, and promotes the concepts of "informed compliance" and "shared responsibility." This requires CBP to provide accurate and timely information on CBP rules and responsibilities to the trade community. It also requires the trade community to use reasonable care in fulfilling their compliance obligations. To help accomplish these objectives, the Mod Act outlined requirements for automation and emphasized electronic trade processing. The delivery of ACE capabilities will fulfill the Mod Act by providing a secure, paper-free, web-enabled environment.

The ACE is providing new capabilities to government users and the trade community by enabling the redesign of trade compliance processes and strengthening Screening and Targeting (S&T) systems. These are key requirements for enhancing border security and expediting legitimate trade.

1.2 Selected ACE Accomplishments

Following are selected program accomplishments between January 1, 2005, and March 31, 2005.

- **Implemented the e-Manifest: Trucks (Release 4) Pilot.** Cargo Processing in ACE began in Blaine, WA, on December 12, 2004. The pilot expanded to all three lanes in Blaine in early March 2005. The automated truck capabilities will be expanded to additional land border ports beginning in spring 2005.
- **Deployment of IIF.** The IIF has been deployed at the NTC, enabling information to be extracted from disparate sources that can be linked together to provide a more robust picture of potential threats. Deployment to field locations will follow.
- **Forged partnership with the Transportation Security Administration (TSA).** The ACE S&T team, the ITDS team, and TSA collaborated on leveraging ACE S&T functionality to meet the needs of TSA's domestic freight assessment efforts.
- **Established SCSC.** The CBP established the SCSC as part of the Trade Support Network committee structure to ensure the trade community has a forum to provide input on supply chain security requirements for ACE.

- **New ITDS Members.** The Transportation Security Administration entered the ranks of Participating Government Agencies (PGAs) participating in ACE/ITDS, for a total of 26 agencies. The CBP and DHS Information Analysis and Infrastructure Protection (IAIP) Directorate are also coordinating on potential IAIP participation.
- **Increased Growth in Duties Collected.** The duties collected via the ACE Periodic Monthly Statement have continued to grow since the inception of this ACE feature in June 2004. Monthly duties collected in July 2004 totaled \$84,673, and in February 2005, the total was \$109.7 million.
- **Increased ACE Accounts.** As of March 15, 2005, there are 420 ACE importer, broker, and carrier accounts participating in ACE.
- **New Approach for Account Revenue and Secure Trade Data Release.** The new approach ensures cargo security features are a high priority, leverages existing systems and ACE releases already in development, and will help CBP develop and deploy these capabilities sooner than currently planned.
- **Established CBP Advisory Committees.** To help ensure effective involvement in ACE development from field operations personnel, advisory committees have been established representing Supervisory Import Specialists, Supervisory Entry Officer, Supervisory CBP Officers, and Account Managers. Members on committees will travel into HQ to participate in ACE development for up to two weeks at a time.

1.3 Open Government Accountability Office Recommendations

In coordination with the CBPMO, GAO has indicated its intent to close two recommendations from previous GAO reports on the following topics:

- **Establish an Independent Verification and Validation (IV&V) function and ensure the independence of the IV&V agent.** The CBP awarded the IV&V contract on December 30, 2004, to Management Systems Designers Inc., thus establishing an independent IV&V capability with a contractor that heretofore has not been involved in ACE development. The CBP will coordinate closely with the GAO and other affected stakeholders on its IV&V implementation.
- **Reconsider the ACE acquisition schedule and cost estimates in light of early release problems, and avoid past levels of concurrent ACE development activities.** The CBP completed its implementation of this recommendation by: (1) establishing and managing to an Over Target Baseline for the Periodic Payment and e-Manifest: Trucks releases; and (2) rebaselining the ACE Program in summer 2004. Future program plans will ensure that any

concurrent development is effectively managed and minimized to address the associated risk.

The U.S. Customs and Border Protection Modernization Office (CBPMO) is actively addressing the following open GAO recommendations:

1.3.1 Cost-Estimating

GAO Recommendation: Develop and implement a rigorous and analytically verifiable cost-estimating program. Ensure that future expenditure plans are based on cost estimates that are reconciled with independent cost estimates.

The CBPMO has established a disciplined cost-estimating process. This process includes a Life Cycle Cost Model (LCCM), which enables an independent government analysis and validation of eCP cost and schedule estimates. The LCCM is also used to develop CBP Modernization Expenditure Plans. The GAO reported that CBPMO independent cost estimates either satisfied or partially satisfied all of the Software Engineering Institute's criteria for cost estimating. Additionally, the GAO found that CBPMO implemented its recommendation that the FY 2005 CBP Modernization Expenditure Plan be based on cost estimates that are reconciled with independent cost estimates. The CBPMO is awaiting input from GAO on what, if any, additional steps are required to fully close this recommendation.

1.3.2 Human Capital Management (HCM)

GAO Recommendation: Immediately develop and implement a CBPMO human capital management strategy.

The CBP Office of Information and Technology (OIT) implemented the initial phase of its reorganization in December 2004. This reorganization will reduce risk to the ACE Program by enhancing government oversight of ACE development, strengthening organizational cohesion, and helping to deliver ACE sooner, better, and at less cost. Following are some of the key changes:

- The CBPMO Executive Director and Business Executive positions have been merged into a single Senior Executive Service position reporting to the Assistant Commissioner, OIT, with full responsibility for delivering ACE.
- One hundred fifty government employees from OIT were integrated with the CBPMO staff to provide better oversight and program management of ACE development. The total CBPMO workforce currently numbers 184.
- Each ACE development project is led by a team of two GS-15s to ensure integration of CBP business needs and leading-edge technology.

The CBPMO has defined major areas of responsibility for both government employees and supporting contractors. These responsibility descriptions provide the foundation for all human capital activities including recruitment and selection, learning and development, and performance management.

The CBPMO human capital effort continues to be grounded in the established Human Capital Management Strategy and the 10 human capital principles emphasized by the GAO (January 2000 GAO report *Human Capital: Key Principles from Nine Private Sector Organizations*).

1.3.3 Use of ACE Infrastructure for DHS

GAO Recommendation: Take appropriate steps to have future ACE expenditure plans specifically address proposals or plans to extend or use ACE infrastructure to support other homeland security applications.

To date, no expenditures have been planned for ACE to support other homeland security applications. However, through the ITDS, CBP continues to coordinate with other federal agencies to explore areas where ACE can be expanded and integrated where it makes sense to do so. For example, CBP is working with TSA on a Freight Assessment System pilot that will screen cargo on domestic air passenger flights. This pilot is expected to begin in fall 2005 and will initially run on a limited number of air carriers. The TSA is transferring \$3 million to CBP for work on TSA-unique ACE requirements definition.

As noted in earlier ACE Congressional reports, CBP has participated in Homeland Security Presidential Directive-11 working groups that are focused on government-wide best practices to implement the directive. Related to this effort, the CBP Modernization Executive Steering Committee is being reoriented to focus on intergovernmental cargo security systems coordination. Officials from CBP have also collaborated with DHS to adopt the same Technical Reference Model structure, which also aligns with the Federal Enterprise Architecture. In August 2004, the DHS Enterprise Architecture Board approved the ACE architecture as being aligned with the DHS enterprise architecture.

1.3.4 Measurement of Program Management Improvement Efforts

GAO Recommendation: Define measures, and collect and use associated metrics, for determining whether prior and future program management improvements are successful.

The primary metric to gauge program performance has been Earned Value (EV) Management. For 10 consecutive months, EV indicators reviewed at monthly Cost Performance Reviews (CPR) indicate that cost and schedule performance have improved. The CBPMO is also collecting business outcome measures to demonstrate program effectiveness. This will support the revision and expansion of the existing Metrics Plan, and development of the program scorecard in spring 2005. The CBPMO is continuing its participation in the OIT Enterprise Process Improvement Program and implementation of the guiding principles of the Practical Software and Systems Measurement methodology.

1.3.5 ACE Program Quarterly Reporting

GAO Recommendation: Report quarterly to the House and Senate Appropriations Committees on the efforts to address open GAO recommendations.

The CBPMO has been providing quarterly reports on ACE since November 2002. As indicated in the executive summary, these reports are submitted in compliance with the current year Appropriations Act, the 2002 Trade Act (for the House and Senate authorizing committees), and to comply with the GAO reporting requirements indicated in this recommendation. Beginning with the March 2003 *ACE Report to Congress*, the DHS directed that CBP route the quarterly reports through the Border and Transportation Security Directorate and DHS. The DHS then sends the report to the Office of Management and Budget for review and approval. The DHS Under Secretary, Management, is the official whom transmits the report to Congress once all reviews are completed.

1.3.6 ACE Program Accountability Framework

GAO Recommendation: Define and implement an accountability framework that ensures that future ACE releases deliver promised capabilities and benefits within budget and on time.

As indicated in its response to the March 2005 GAO report on ACE, CBP takes seriously its “contract with Congress” and the program commitments reflected in ACE expenditure plans. The CBP has two key objectives for the ACE Program – develop ACE capabilities sooner and at less cost, and ensure those capabilities hit the mark when fielded. To achieve both objectives, sound decision processes and clear quality standards have been established. The CBPMO has followed its established processes

to balance quality, cost, and schedule objectives. Acknowledging the six expected outcomes the GAO detailed as part of this recommendation, CBP will build on the existing program management foundation and the OIT reorganization to further define and enhance its accountability framework. This work will be accomplished as follows:

- May 2005: Establish a clear delineation of roles and responsibilities between CBP and the prime contractor (eCP). This will be accomplished as part of the ACE acquisition strategy.
- July 2005: Establish a formal document that defines the ACE Program accountability framework, its key elements, and a description of how it is being implemented. This document will further depict the decision-making mechanisms for the ACE Program.
- August 2005: In conjunction with the GAO review of the Fiscal Year 2006 (FY06) Expenditure Plan, CBPMO will demonstrate coverage, currency, relevance, and completeness of all program commitment areas – and the reliability of the data that measures progress on these commitments. Likewise, the CBPMO will demonstrate the application of milestone exit criteria that adequately consider indicators of system maturity.

2. Schedule and Cost

2.1 Program Baseline

Though CBP has implemented some changes to the approach for ACE development, the Acquisition Program Baseline to which CBP is managing continues to be a \$3.3 billion, 8.5-year program, with completion of ACE development in 2010. This baseline was briefed to the DHS Investment Review Board in August 2004. Schedule and cost estimates in the ACE Program Plan that reflects this baseline were validated through the Independent Government Cost Estimate. This plan aligns the ACE Program to better address the terrorist threats to our Nation and related DHS mission priorities, and will enable enhanced S&T functionality to be more effectively focused on border security.

2.2 Schedule

The CBP took a big step in the expansion of ACE capabilities on December 12, 2004, with the implementation of the e-Manifest: Trucks pilot at Blaine, WA. New capabilities fielded as part of the test included:

- Automated truck manifest
- Expedited importation processing
- Primary inspector interface (consolidating seven separate cargo release systems).

As ACE capabilities were implemented, CBPMO obtained input from system users, addressed technical issues, and implemented lessons learned. In mid-January 2005, an upgrade to the ACE production system resolved a large part of the identified technical issues. Port personnel helped identify ACE usability issues with processing trucks, and the ACE Program team worked with CBP Officers to help them become more proficient with the system. With the technical and usability improvements, trucks, on average, are now being processed more quickly than under the Automated Commercial System, and ACE capabilities have been well received by CBP Officers. The Officers were enthused that they could operate from a single screen and did not have to access multiple systems.

The pilot was expanded to all three truck-processing lanes in Blaine in early March. On March 11, ACE successfully received and processed an electronic manifest from ABF Freight System, Inc., one of the largest truck carriers in the United States. To date, two electronic manifests via the Electronic Data Interchange (EDI) and five manifests via the portal have been successfully received. Twenty-eight companies have sent letters of intent indicating they will send electronic manifests and begin testing with ACE. Another 100 companies have indicated that they will use the ACE Secure Data Portal to send manifest information. Improvements on technical and ACE usability issues resulted in increased processing efficiency and user satisfaction of CBP Officers. On average, ACE is processing trucks faster than the Automated Commercial System (ACS) (down from two minutes to 70 seconds). On March 16, the pilot was suspended to resolve NCIC/TECS issues that impact officer safety, and system response time issues. These issues received priority attention, and the pilot is expected to resume on March 31.

The automated truck capabilities are scheduled to be expanded to additional land border ports beginning in spring 2005. As reflected in Figure 1, to ensure the lessons from the pilot could be fully leveraged and that ACE capabilities were deemed ready for the next phase of expansion, the Operational Readiness Review (ORR) for e-Manifest: Trucks was delayed from February 23 to April 15, 2005.

The e-Manifest: Trucks pilot in Blaine has set the stage for ACE expansion to other ports. Details on the expansion plan are being finalized, and the essence of the plan is to deploy e-Manifest: Trucks capabilities to a “cluster” of ports in close proximity to each other. Within each cluster, ACE capabilities will be “anchored” in an initial port and then expanded to the remaining ports. The deployment of ACE capabilities to the initial port will enable CBP Officers from neighboring ports to acquire hands-on experience using the system, thereby accelerating the training process. This approach will also facilitate the introduction of ACE to the trade community, particularly those carriers operating in a given regional area. The cluster approach will be used on both the northern and southern U.S. borders. Deployment to the first cluster of ports is expected to begin in spring 2005.

During this next expansion phase of e-Manifest: Trucks deployment, CBP will also focus on increasing the number of carriers that are certified to submit electronic manifests via the ACE Secure Data Portal or Electronic Data Interchange and on increasing usage of the electronic manifest capability. The CBP will further test and refine the new ACE capabilities, and demonstrate the system's operational maturity to the trade community prior to deployment at larger land border ports.

Figure 1 provides a detailed summary of the ACE baseline development milestones and current projections. While this is the plan of record, the ACE Program team is reviewing methods to deliver ACE sooner, at less cost. For example, based in part on the reorganization of the OIT and resulting integration of 150 personnel with the current CBPMO staff, it was determined that support from the Federally Funded Research and Development Center was no longer needed. Also, the CBP has moved a number of functions “in-house” in the Workforce Transformation area. Combined these actions have saved considerable costs, and is expected to garner significant efficiencies and synergy between OIT staff personnel in future ACE development activities.

The Production Readiness Review (PRR) marks the milestone when an ACE release is considered ready for a 90-day pilot period. During this period, training is conducted for designated CBP and trade community users, and the initial capabilities are tested and evaluated. The ORR marks the milestone when the pilot is successfully completed, and the release passes the criteria to move it into full production and subsequent deployment.

As Figure 1 shows, CBP will provide significant ACE capabilities throughout the development period. The enhanced ACE functionality will enable CBP to obtain information much earlier in the supply chain. The ACE will also serve as the information technology foundation to support the Container Security Initiative and the Customs-Trade Partnership Against Terrorism.

Release Name	Key Milestone	ACE Program Plan Version 11 (Baseline)	Status/ Current Projection
e-Manifest: Trucks (R4)	PRR	11/26/04	11/23/04
e-Manifest: Trucks (R4)	ORR	02/23/05	04/15/05
Screening Foundation (S1)	PRR	08/18/05	07/15/05
Screening Foundation (S1)	ORR	11/10/05	09/13/05
Account Revenue and Secure Trade Data (R5)	PRR	07/17/06	07/17/06
Account Revenue and Secure Trade Data (R5)	ORR	12/19/06	12/19/06
Targeting Foundation (S2)	PRR	04/27/06	11/23/05
Targeting Foundation (S2)	ORR	07/20/06	02/28/06
e-Manifest: All Modes and Cargo Security (R6)	PRR	11/03/08	11/03/08
e-Manifest: All Modes and Cargo Security (R6)	ORR	04/06/09	04/06/09
Advanced Targeting (S3)	PRR	11/29/06	11/29/06
Advanced Targeting (S3)	ORR	02/28/07	02/28/07
Full S&T (S4)	PRR	07/21/09	07/21/09
Full S&T (S4)	ORR	10/13/09	10/13/09
Exports and Cargo Control (R7)	PRR	02/15/10	02/15/10
Exports and Cargo Control (R7)	ORR	07/16/10	07/16/10

Fig. 1: ACE Program Plan Version 11.2 Development Milestones

3. Fiscal Status

Congress approved the FY 2005 CBP Modernization Expenditure Plan in full on February 15, 2005. The plan requested \$305.5 million for ACE and \$16.2 million for ITDS. Key activities supported by the plan are:

- Detailed design and development of the trade facilitation and S&T functionality
- Deployment of Automated Truck Manifest capability to ports
- Design and development of up to 28 agencies' requirements for ACE/ITDS.

Figure 2 provides a summary of ACE funding. To date, Congress has appropriated and released \$1.39 billion for ACE/ITDS. Of the \$1.39 billion, \$1.04 billion has been obligated, and \$892 million has been expended (75 percent and 64 percent of released funding, respectively) as of February 28, 2005.

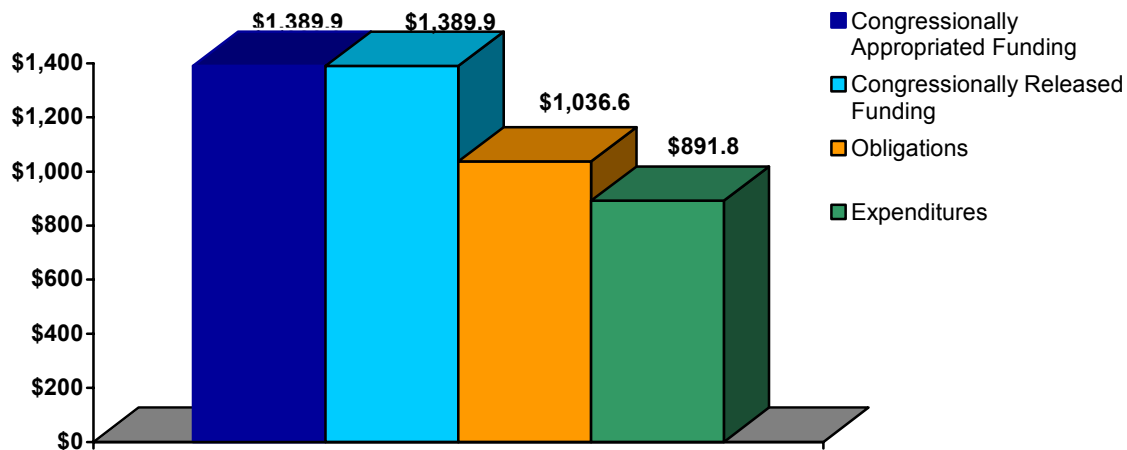


Fig. 2: ACE and ITDS Funding Status as of February 28, 2005

4. Near-Term Milestones

The following are key near-term milestones scheduled between April 1, 2005, and June 30, 2005.

- **April 2005:** Following the pilot test in Blaine, WA, e-Manifest: Truck capabilities will be deployed to the initial set of land border ports.
- **April 2005:** The design, development, testing, and verification for the capabilities in an initial phase of the Targeting Foundation (S2) release will be completed.
- **April-June 2005:** A limited number of PGAs will gain access to designated ACE Secure Data Portal capabilities. This will allow PGAs to leverage existing ACE capabilities prior to the deployment of future releases. Portal access will reduce PGA dependence on antiquated methods of gathering and distributing data and will allow PGAs to develop familiarity with ACE.
- **April-June 2005:** An updated version of the ITDS Standard Data Set will be completed. This version will include data elements from all PGAs participating in Account Revenue and Secure Trade Data (Release 5) and will be reconciled against the World Customs Organization data model.
- **May 2005:** An additional 26 ACE Ambassadors are expected to be certified to support outreach to CBP employees in preparation for full deployment of e-Manifest: Trucks capabilities to all land border ports and the initial deployment

of Screening Foundation (S1) in June 2005. With this additional certification, the total number of Ambassadors will stand at 139.

- **June 2005:** The design, development, testing, and verification for the capabilities in the second phase of the Targeting Foundation S2 release will be completed.
- **June 2005:** The System Acceptance Test for the Screening Foundation (S1) capabilities will be completed, followed by the PRR in July.
- **June 2005:** The capabilities in the Data Integration Services Management (DISM) and Metadata Knowledge Enterprise (MiKE) prototypes for the Advanced Targeting S3 release will be demonstrated.

5. Conclusion

The successful implementation of ACE has been and continues to be one of the CBP top priorities. The ACE is a critical project for CBP, the federal government, the business community, and for the future of global trade. If done properly, it will reform the way the federal government does business with the trade community. The ACE will enhance the advance collection of information for targeting high-risk cargo to address the terrorist threat. In doing so, it will also help us expedite the vast majority of low-risk trade.

Funding of \$321 million in FY 2005 has enabled CBP to continue development and begin to expand the first installment of ACE benefits to the trade community. The development of ACE and the efforts to put its capabilities to work on America's borders have continued full throttle. There are 420 importers, brokers, and carriers using the ACE Secure Data Portal. Since June 2004, CBP has been collecting an increasing amount of duties and fees via the ACE period payment capability. The CBP has also conducted a successful pilot test of ACE truck cargo release capabilities, and is implementing plans to expand these capabilities to ports across U.S. northern and southern borders. Concurrent with this development, CBP is working with the DHS Chief Information Officer and the US-VISIT Program to ensure compliance with the DHS Enterprise Architecture and position the ACE architecture so that it can be leveraged to support the broad homeland security mission.

Included in the \$321 million for ACE is \$16 million dedicated to continuing support of ITDS, which is the mechanism for coordinating intergovernmental support for ACE and ensuring that ACE meets the needs of government agencies with border security responsibilities and a need for trade data. To that end, the ITDS Board of Directors has adopted a standard set of trade data as a step toward the concept of ACE as the "single window to the trade community." The original group of eight participating agencies in ITDS has now grown to 26. Representatives from these agencies are actively involved in defining ACE capabilities.

For More Information:

Additional information on ACE may be found on the CBP website (www.cbp.gov) under the *Modernization and ACE* link.

The first five reports to Congress on ACE may be found on the CBP website at http://www.cbp.gov/xp/cgov/toolbox/about/modernization/quarterly_reports/

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Appendix A. ACE Implementation

The ACE capabilities will deliver increased border security and enable improved trade compliance. The ACE will also increase efficiency and improve customer service for key stakeholders, which include importers, brokers, carriers, and other government agencies.

In June 2003, ACE Account Creation (Release 2) was launched, with 41 initial importer accounts given access to the ACE Secure Data Portal. Account Creation (Release 2) provides initial on-line account capabilities to CBP and the trade community.

Periodic Payment (Release 3) was launched in June 2004 and an ORR was successfully conducted in August 2004. It allows importers and brokers with ACE accounts to centralize payment processing and to utilize periodic monthly statement and payment capabilities, as well as Automated Clearinghouse (ACH) Credit and Debit. This release also provides an initial customer account-based subsidiary ledger interface with the CBP general ledger.

Periodic Payment (Release 3) expanded the account management framework to a larger trade audience, including brokers, carriers, and CBP representatives overseeing those areas. The Account Profiles for importers, brokers, and carriers will support some information relevant to the Customs-Trade Partnership Against Terrorism. A Significant Activities Log will provide a record of communications between the account and CBP (and ultimately with PGAs).

This release provided a new CBP revenue capability that allows importers and their designated brokers to make periodic monthly payments for monthly statements of duties and fees. In addition, this release will establish the first CBP customer-based subsidiary ledger for financial transaction processing, and will provide an expanded account view into account activity logs and exam findings. The following paragraphs summarize the features in future ACE releases, with the estimated timing of the development period for each release.

ACE Secure Cargo Management Capabilities

e-Manifest: Trucks (Release 4)

- New homeland security capabilities
- Automated cargo manifest for trucks
- Single system enables CBP Officers to make faster, better, earlier decisions
- First PGA is introduced via ITDS

Account Revenue & Secure Trade Data (Release 5)

- Multi-modal manifest
- Entry summary through liquidation
- All revenue functions
- System of record for entry summaries

E-Manifest: All Modes & Cargo Security (Release 6)

- Multi-modal manifest
- Entry processing through release
- Cargo tracking
- In-bond
- ACE replaces AMS and most of ACS

Exports & Cargo Control (Release 7)

- Foreign Trade Zone and warehousing
- Export
- Processing and drawback
- ACE subsumes full functionality of AMS and ACS

ACE Screening and Targeting Capabilities

Screening Foundation (S1)

- State-of-the-art business rules engine for cargo criteria
- Pre-release and release functionality
- Every data element accessible for creating criteria/rule
- Single repository for all exam findings

Targeting Foundation (S2)

- Extend functionality to entry summary screening
- Border Targeting and Analysis Portal
- NTC Terrorism Tracking System
- Integration of disparate data sources

Advanced Targeting (S3)

- Expand Targeting & Analysis functionality
- Provide access to advance trade data for risk assessment
- Data mining, link analysis, pattern recognition, risk modeling
- Inter-agency targeting capabilities (PGA)

Full Screening and Targeting (S4)

- Completion of the Risk Management Life Cycle
- Provide full functionality for all modes of transportation and all transactions
- Fulfill S&T functionality needs for all PGAs
- Add advanced data exploration techniques for artificial intelligence